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RUEHZM/GULF COOPERATION COUNCIL COLLECTIVE  
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C O N F I D E N T I A L SECTION 01 OF 02 DUBAI 000059

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E.O. 12958: DECL: 1/28/2017  
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SUBJECT: UNDER SECRETARY BURNS' JANUARY 23 MEETING WITH UAE VICE PRESIDENT, PRIME MINISTER AND DUBAI RULER MOHAMMED BIN RASHID AL MAKTOUM

REF: DUBAI 00018

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CLASSIFIED BY: Paul R Sutphin, Consul General, Dubai, UAE.  
REASON: 1.4 (b), (d)

1.(C) Summary: In a January 23 meeting in Dubai with U/S Burns, UAE Vice President, Prime Minister and Dubai Ruler Sheikh Mohammed bin Rashid al Maktoum (MbR) expressed concern about the potential negative impact on Dubai of possible future UN sanctions against Iran; he urged the quiet US-UAE cooperation on financial and export control restrictions against Iran, offering to set up a "joint committee" to this end. He agreed that Iran should not have nuclear weapons, but warned of the dire regional consequences of military action. U/S Burns said the US would protect its interests in the region and support Gulf governments in resisting efforts by Iran to dominate the region. He emphasized the importance of continued support for the Siniora government in Lebanon, and the high priority the US put on a renewed effort to move the Israelis and Palestinians toward peace. U/S Burns raised the case of Amcit Vafa Valapour, which has been under criminal investigation in Dubai for nearly 16 months without charges before a court(although under the local system police charges have been filed); MbR asked his aides to ensure the case moved forward as rapidly and transparently as possible End Summary.

2.(C) On January 23, U/S for Political Affairs Nicholas Burns met with MbR for one hour in MbR's downtown office. Burns was accompanied by NEA PDAS Jim Jeffrey, the Ambassador, the Consul General, P Staff assistant Herro Mustafa and ConGen notetaker. MbR was accompanied by his sons Sheikh Hamdan (who chairs the Dubai Executive Council, the Emirate's governing body) and Sheikh Mayed; Minister for Cabinet Affairs (and Dubai Holdings head) Mohammed Gergawi; federal Minister for Education Dr. Hanif al Qasimi; Dubai General Security Service head Brigadier Mohammed al Qemzi; Dubai World head Sultan bin Sulayem; and Emirates Airlines chairman and Dubai Civil Aviation head Sheikh Ahmed bin Sayed al Maktoum. U/S Burns expressed admiration for the Dubai's rapid development, hailing it as an open and productive model that was now being emulated throughout the region.

3.(C) Lebanon: U/S Burns conveyed the gratitude of the Lebanese government for financial and other assistance from the UAE. MbR said the UAE understands that the Siniora government needs regional support. U/S Burns urged continued assistance, noting the US will soon offer the Siniora government \$1 billion for

security and reconstruction efforts.

4.(C) Iran sanctions: U/S Burns highlighted the significance of the June 2006 international offer to negotiate with Iran to resolve the nuclear issue--the first official US offer to negotiate with Tehran in 27 years. Tehran had rejected this broadly-supported, reasonable proposal, which offered economic incentives such as sanctions relief and the sale of civilian airliners in addition to negotiations. U/S Burns said that the UNSCR 1737's limited sanctions were a first step to pressure Iran to compromise, but that absent Iranian movement another, more restrictive, sanctions resolution is likely in February. The US was also taking bilateral action through Treasury designations against Iranian banks that were funding terrorism.

5.(C) MbR expressed willingness to cooperate in financial restrictions against Iran, but urged that the cooperation be conducted quietly; he offered to set up a "joint committee" to do so (he did not offer details); he later repeated this offer with regard to military transfers (see para 8). He voiced concern regarding the potential negative impact of economic sanctions on Dubai, and against the "good Iranians" -- including Dubai's estimated 350,000 Iranians residents. U/S Burns and Ambassador Sison expressed readiness to engage with Dubai on financial cooperation against Iran. (Note: the number of resident Iranians was supplied by Al Qemzi, and is higher than the 200-300 thousand usual cited by the Dubai officials.)

6.(C) Iran and Gulf Security: U/S Burns stated that the US will protect its interests and support its allies, like the UAE, in the face of Iranian attempts to dominate the Gulf. This is why we have stationed a second carrier battle group there, and have detained Iranian agents in Iraq who were providing arms and bomb components used to kill US troops. MbR stated that the UAE does not want Iran to have nuclear weapons, and urged continued international pressure on Iran, but expressed deep concern about the destabilizing consequences to the UAE and to region of a military strike. He urged that the US find a way to stop or disarm Iran without using military force. U/S Burns reiterated

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that the US wants a diplomatic solution, and is working with the UN and its allies toward this end; strong UAE support was important to this effort.

7.(C) MbR expressed hope for change inside Iran, which U/S Burns echoed. Burns noted the US wants to support the influence of moderate Iranians and encourage Iran to engage in negotiations. Minister Gergawi mentioned rumors that Supreme leader Khamenei is suffering from prostate cancer. Gergawi opined that the merchant class in Iran has been pressuring Ahmadinejad over his failing economic policy. He asserted that the growing sectarian conflict in Iraq, as well as the hanging of Saddam Hussein (which, he implied, was inspired by Iranian pressure), have now undermined the possibility of a regional alliance between extremist Sunnis and Shia. Regional Sunnis now blame Iran for instability in Lebanon and Iraq. (Note: Gergawi's family is of Iranian origin, and he acts as one of MbR's principal advisors on Iran.)

8.(C) Security cooperation: U/S Burns called the Gulf Cooperation Council a good forum for quiet security cooperation, and reiterated that the US seeks a close, productive dialogue with the UAE on Gulf security. The US opposes arms sales to Iran and will urge its partners in the European Union, Russia and the Middle East to cooperate on this front. MbR reiterated his offer to set up a committee to cooperate on these issues.

9.(C) Israel/Palestinians: U/S Burns stressed that the US believes progress between Israel and the Palestinians toward peace is central to regional stability, and supports the creation of a Palestinian state. This would be "the best thing," MbR replied; a peace deal would make radical groups like HAMAS "everyone's enemy". Palestinian President Mahmoud Abbas should be supported, particularly since HAMAS is funded by Iran. MbR noted UAE assistance was again flowing to the Palestinians,

although it had been suspended for a time because of corruption concerns. U/S Burns said the US is careful to ensure its assistance is going to the Palestinian people, rather than the HAMAS government, and is confident in the assistance mechanisms now in place.

10.(C) Valapour case: U/S Burns raised the case of Amcit Vafa Valapour, who has been under criminal investigation in Dubai for nearly 16 months. U/S Burns said the US sought return of Valapour's passport, which has been held by the Dubai police. He underscored that, while he was taking no substantive position on the merits of the case, the US believes the case should move forward with due process as quickly as possible. MbR was unfamiliar with the case, and turned to Gergawi for background. Gergawi outlined the Dubai government view of the case, saying the bottom line is that Valapour and his non-USC partners had profited from insider information in a deal on the Dubai Metro project with a corrupt Dubai official. "We don't tolerate corruption," Gergawi concluded. The Consul General noted that he had recently met with the Dubai Attorney General (reftel) on the case. The AG had agreed to meet with Valapour's US and Emirati representatives to help to resolve the issue. MbR asked his aides to ensure the case moved forward as quickly and transparently as possible, and promised Valapour would receive fair treatment.

11.(C) Afghanistan: U/S Burns expressed appreciation for UAE assistance in Afghanistan, and urged support for the Karzai government. MbR asserted the UAE and US are partners against drugs, money laundering, and terrorism and in Afghanistan. He said the best weapon against the Taliban was economic investment. U/S Burns outlined ongoing reconstruction efforts, and noted the difficulty of creating economically viable substitutes for drug crops. MbR said Karzai is reluctant to tackle the drug issue because he fears decreased support in the provinces.

12.(C) Comment: MbR offered little new, other than his somewhat vague offer to create a bilateral committee to address financial and arms/technology flows to Iran. He is clearly concerned regarding the prospect of more comprehensive UN economic sanctions, given that Iran is Dubai's largest trading partner, an assertion often cited by Dubai officials (although good Dubai/Iran trade numbers are hard to come by). We will follow up to try to get a better read on the scope of MbR's offer.  
SUTPHIN